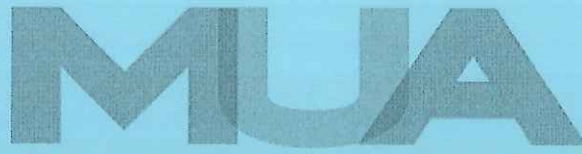


The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

BML 101: BUSINESS LAW

DATE: 11TH APRIL 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

- (a) When parties enter into a contract, the law provides that where a written contract does not accurately express the intention of the parties, the court may rectify the contract to make it express the true intentions. State the facts that a party seeking rectification must prove before the court can rectify the contract.

(5 marks)

- (b) Explain the concept of illegality of contracts and give three types of contracts that are considered illegal.

(10 marks)

- (c) Simiyu Tito requested Wanyonyi Peter to lend him Shs. 5,000 (five thousand shillings) to be repaid within a month. Wanyonyi Peter enquired what Simiyu Tito needed the money for and Simiyu Tito replied that he needed Shs. 2,000 (two thousand shillings) to buy food for his children and Shs. 3,000 (three thousand shillings) to bribe someone who could fix for him a person who had been bothering him. Wanyonyi Peter lent Simiyu Tito the money. A month later, when Wanyonyi Peter asked Simiyu Tito for repayment of the Shs. 5,000 (five thousand shillings), Simiyu Tito refused to do so. Explain the legal principles applicable in this case and advise Wanyonyi Peter.

(10 marks)

QUESTION TWO

- (a) Explain the nature and advantages of commercial arbitration as a means of settling disputes.

(10 marks).

- (b) State four acts of commission that may constitute professional misconduct.

(5 marks)

QUESTION THREE

- (a) In relation to the law governing Negotiable Instruments, explain four types of endorsements that may be made on a bill of exchange.

(5 marks)

- (b) Akili Mingi owns a house at Muthaiga in Nairobi valued at Sh. 20 million. He insured it against fire with Linda Mali Insurance Co. Ltd and Pokea Insurance Co. Ltd for Sh. 15 million and Sh. 10 million respectively. He also insured his

household goods against burglary with Lipa Insurance Co. Ltd. for Sh. 5 million. One night while he was away, burglar broke into the house, stole all household goods and set the house on fire completely destroying it. Akili Mingi claims the sum assured from the three insurance companies. Advise them. (10 marks)

QUESTION FOUR

- (a) Explain five implied conditions and warranties in a hire purchase agreement (10 marks)
- (b) Explain how a hire purchase agreement differs from:
 - (i) A credit sale agreement; (3 marks)
 - (ii) A conditional sale agreement. (2 marks)

QUESTION FIVE

- (a) Explain the remedies available to an unpaid seller against:
 - (i) The goods; (3marks)
 - (ii) The buyer under the Sale of Goods Act. (2 marks)
- (b) In relation to the Sale of Goods Act, explain the circumstances when:
 - (i) A buyer may reject the goods and repudiate the contract (6 marks)
 - (ii) The buyer may lose the right to reject the goods. (4 marks)

QUESTION SIX

In relation to the law governing insurance, explain five basic principles of insurance. (15 marks)

